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of this republic with that appeal the pressure would be so strong that President Wilson would at least pause and take account of just where he is landing. This country is going ahead, rapidly and with force, into deep trouble with foreign nations if our policy toward Mexico is not changed. Humanity, at the same time, shudders at what is being done down there and not an effort made to stop it. A slaughter that could have been prevented if Mr. Wilson had not taken such a wrong stand at the start. Keep at it. The President must listen. The people are greatly wrought up over his Mexican policy and he must see his mistake.

C. C. PUGH.

CAMERON, ILLINOIS.

SIR,—I have been a regular reader and subscriber for THE NORTH AMERICAN REVIEW for a number of years, and I am writing to tell you how I enjoy it now more than ever before since your editorials have been published therein.

Your Appeal to the President, as renewed and emphasized in the current issue, is both noble and timely, and, it would seem, must almost surely be heeded.

However, I am not sure but that you do our President an injury when on page 500 you speak of his "course, which in common with everybody else he must know to be wrong."

I fully agree with you in your view of the situation, but surely if President Wilson did he would not lack the courage of his convictions?

Other editorials that I have greatly enjoyed were those relating to class legislation, the assault on classified service, the consular appointments, and the Pindell incident. I think as a patriotic—yes, proud—American citizen, I should say fully approved, rather than "greatly enjoyed," for surely these instances so clearly set forth are enough to make the most hardened partisan blush for shame.

A. A. OGDEN.

RURAL CREDIT

VINITA, OKLA., *April 9, 1914.*

SIR,—I have just read Mr. Van Courtland's article, "What Is Agricultural Credit?" in the April NORTH AMERICAN REVIEW, and have been moved to express myself on a different phase of the same subject.

The majority report of the American Commission which was sent to Europe last summer to study the Rural Credit systems in operation in the different countries showed that the members were in favor of pushing the Rural Credit movement in America. There was, however, a minority which questioned whether our country was yet wholly prepared for such a step.

I was appointed by Governor Cruce to represent Oklahoma, and traveled with the Commission during the entire trip. We were treated with great courtesy and friendliness by the representatives of the different governments, and shown the best they had along the lines of our investigation. Naturally they would not show us the failures, and there are failures, although, as a whole, the co-operative movement in Europe has been a great success. This made some of us anxious to do a little investigating on our

own account. Also it seemed to us that the conditions of the home and the social life of the peasant farmers would form an important piece of evidence. This the Commission could not undertake, partly from lack of time and partly from the obvious impossibility of strangers getting at the intimate details of the life of a people whose language they could not speak.

For the purpose of studying this side of the subject I remained three months longer after the Commission went home. The things I learned in that second three months made me feel that we should proceed with great caution in urging upon our people a system that has succeeded under conditions so radically different from anything we have in the United States.

I do not wish to discourage the co-operative movement, but I do wish very earnestly to call attention to some of the stumbling-blocks in the way.

We know that those farmers who most need credit have difficulty in securing either short or long term loans; that the producer of foodstuffs does not receive a price in proper proportion to the cost to the consumer; that in certain sections farms are being abandoned. Agriculture has not kept up with the times, and beyond a doubt our agricultural conditions must be improved.

The one remedy generally suggested for the sum total of these ills is cheap and easy rural credit. Glowing reports of the success of the co-operative rural banks in Europe have strengthened a belief that our farmers should set up similar institutions. Advocates of the movement assert unreservedly that agricultural credit will increase the yield of the land, reduce the cost of living, and keep our rural population from deserting to the cities. *Quod erat nondum demonstrandum!*

Before entering upon a discussion as to the advisability of trying it in the United States, we should know exactly what the European co-operative rural credit system is, the conditions under which it is operated, and the character and environment of the people benefited. Since these associations vary but little in the various countries, and most of them are built on the Raiffeisen plan, a definition of the latter will serve for the whole. A typical Raiffeisen bank is a registered society with unlimited liability. The principal features are these:

Limitation of membership to one community or village, to secure mutual personal knowledge of the standing of members.

Loans only for productive purposes.

Loans only to members.

Unlimited liability of members.

Permanent indivisible reserve fund.

Short-term credit on personal guarantee.

Credit for long periods with facilities for repayment by instalments.

Absence of profit-seeking, dividends if paid being limited.

Office-holders, except secretary, not paid for their services.

Promotion of moral as well as material advancement of members.

The main idea of the Raiffeisen plan is the using of character as an asset; the giving of credit on personal security; and it follows that the success of a financial institution of this sort depends very largely on the permanency of the community and upon the intimate knowledge each member has of his neighbors' personal affairs, ability, and moral standing.

The first question asked of a man who comes to borrow of a bank of this kind is, "What are you going to do with the money?"

Perhaps the man answers, "Buy a cow."

A committee then decides whether he needs a cow, and, if so, whether he can make a cow pay, before letting him have the money. If he secures the loan, his neighbors watch to see that he uses it for his avowed purpose, and that he takes proper care of his investment.

Supervision of this sort is necessary when a man uses his character as collateral, and conditions which permit of such supervision are imperative.

Rural conditions in Europe and in America are widely dissimilar. The European peasant and the American farmer have radically different habits, ideas, and ambitions. From feudal times the peasants have lived in villages, or communities as they are properly called, since the dwellers are all of one race, and often through intermarriage of a close interrelationship. They have the same customs, the same standards of living, and the same religion. This last is a most powerful bond, since each farming community has its own local church and a resident priest who takes an active interest in the material as well as the spiritual welfare of his flock and is usually the leader in any movement for their advancement. The European farmer rarely moves from one locality to another, but clings to the farm where he was born, and where very likely his father and his grandfather before him spent their lives. This permanency of residence gives the co-operative spirit the setting it must have for development. His standard of living is low; he eats coarse, cheap food; he uses farm carts that were made by his grandfather; his home has but little furniture; the clothing of his family is made for warmth and wear, with no attempt at style. There is no aping of the gentility, in the matter of clothes, food, or amusement, no struggle whatever to live beyond class means. All members of the family, including grandmother and the cow, work in the fields, so there is little expense for hired labor. The average peasant is not educated in books nor by travel. He is slow, superstitious, and conservative. Moreover, he has respect for authority, whether exercised by king, count, or priest, and here enters another factor in the problem. For whenever and wherever a co-operative association, financial or otherwise, has been started it has been done, not by the peasants themselves, but by some philanthropic power or person, government, lord of estate, or religious leader. There is in each country some one high in authority who preaches the doctrine of co-operation and sets in motion the local powers.

Italy has Luzatti and Wollemborg, backed by the active interest of Victor Emmanuel; Hungary had Karolyi; Germany had Raiffeisen and Schultze-Delitzsche; and Ireland has Sir Horace Plunkett.

In Italy agriculture receives assistance from the crown and from titled owners of large estates who partly from altruism, partly from necessity, have instituted co-operative systems for the benefit of their tenants. In Hungary all popular agricultural measures are undertaken and managed by the government or by the nobles. In Austria there are both governmental and popular societies. In Germany the Raiffeisen societies have not received government aid, but were started and supervised by persons of philanthropic motives who had more education and better business judgment than the peasants. In France, where the *Crédit Foncier* does not follow the Raiffeisen type, the rural banks are aided by the state bank. In England there are few co-operative societies, and those there are usually owe their existence to some person of title. In Ireland public-

minded lords and ladies are preaching vigorously the doctrine of co-operation to an erstwhile reluctant constituency.

Besides the co-operative credit banks there are co-operative societies for the purpose of preparing and marketing farm produce, creameries, slaughter-houses, and the like; and there are other societies for supplying farm necessities to the members. These things are as important helps to agriculture as is credit.

Again, Europeans farm more scientifically than we do. Instead of skimming over as many acres as possible, small holdings intensively cultivated are the rule. The land is carefully conserved by fertilization, rotation of crops, and hand cultivation, so that the yield per acre is much greater than with us. Another advantageous circumstance is the dense population, creating for produce a market close at hand, with slight transportation expenses. Perishable commodities like green vegetables and fruit are taken by the producer himself to the market-place and transferred to the consumer without the intervention of commission man or grocer.

Here, then, are the European conditions:

The rural population segregated into permanent communities where each man knows intimately his neighbors.

A community made up of members of one race, interrelated, with the same habits and ideas, the same religion, the same standard of living, and that a low one.

Farmers submitting to leadership of some person of higher class.

Rural credit banks receiving either government or philanthropic supervision.

Co-operation in buying and selling.

Small farms intensively cultivated.

Conservation of the soil.

A dense population making a near market for produce.

All these things are favorable to the growth of the co-operative spirit, and the leaders of the movement themselves say that rural credit has succeeded in Europe on account of the conditions, not in spite of them. For on the Continent co-operation has succeeded. There have been failures, but the movement as a whole has been a success.

Now turn to our own country. We have no aggregation of farmers' dwellings, no communities. Our rural population live in solitary houses usually set far apart on account of the relatively large areas of the farms. The farmers do not see one another often enough to become intimately acquainted. As a rule, the individuals of any one district differ in ancestry, religion, ideas, and habits. There is no tie that binds one farmer to another any more than there is between farmer and townsman.

The average American farmer is intelligent, independent, ambitious, eager for new experiences, ready to sell and move on, sending his children to town to be educated, leaving the farm himself if speculation offers. He has not a co-operative spirit; he does not wish his individual action hampered, and is averse to indorsing another's liability. He takes orders from no one, resents supervision, and is suspicious of altruistic services. If, say, a banker should try to advise and supervise the affairs of a farming district, he would very probably be told to mind his own business or else asked what he expected to make out of it.

With a mass of people of these characteristics, only classed together because of their occupation, the situation is so diametrically opposite to

that in Europe that the fact of the success of the rural credit movement in the latter region can have little bearing on how it would work in this country. Those forms of rural co-operation that have been tried in the United States—farmers' granges, co-operative creameries, and grain elevators—generally have failed. There is no doubt that co-operation on many lines would be a good thing for the farmers if it could be made to work. It will do no harm to urge them into the spirit of the thing. Let them try a co-operative association for buying seed and fertilizer, or a creamery, or a cow-testing society. If a company of farmers could make a success of something like that, they might be prepared to approach the rural bank idea. But if they fail in the simpler operation, how can they be expected to succeed in the greater?

In the older settled farming regions where the population is more stable, a trustworthy farmer can secure a short-time loan from the local bank on his personal note. Without the formation of a co-operative society he utilizes his character as security in the same way as the member of a Raiffeisen bank, and this is possible because the same conditions are present which make possible the existence of that bank.

Lakefield, Minnesota, has a series of co-operative, enterprises—bank, grain elevator, creamery, supply house—that are being operated satisfactorily. But Lakefield also has that European factor, a leader. Mr. James Caldwell is a man of keen business ability who first preached the co-operative idea, then founded, then supervised the management of all these associations. Lakefield was willing to be led by the superior judgment of Mr. Caldwell, and has profited accordingly. If we had leaders enough the proposition would be simplified.

It should be borne in mind that the welfare of the rural population does not depend wholly upon credit. A lot of our farmers need to be taught better farming, thrift, and business sense. All of them are not failures, and where one is found who knows how to farm and who puts as much brains into his work as a successful banker puts into his, then we find a farmer who is able to finance himself. Legislation cannot make a man prosperous, but education may. We already have agricultural schools, exhibit trains, traveling lecturers, experiment-station bulletins, and farm journals which are doing good work in agricultural education. Townspeople are waking up to the fact that rural conditions affect them as much as anybody. Agriculture is the most indispensable industry, and, whether it flourishes or declines, affects every class; yet it is the one industry which has failed to keep up with the times. Fortunately we are at last aroused to the rural need, and the widespread discussions that are taking place cannot fail to do some good.

The farmer alone cannot work out his own salvation. Successful people in other lines must take hold and help him. But for the very reason that we are all interested in the welfare of farming people the greatest caution should be exercised in urging untried schemes upon them. Rather let us go slowly, one step at a time, until the road is safe and sure under our feet.

MARION SHERWOOD LAHMAN.